

~~CONFIDENTIAL~~OPP/LLB
INCOMING

/24/

PRIORITY

FRP: . . 3

25X1

82 8348401 SCP

PAGE 001

NC 8348401

TOR: 052121Z APR 82

25X1

PP RUEAIIIB
 ZNY CCCCC ZOC STATE ZZH
 PP RUEHC RUEHMD
 DE RUEHC #0180 0952114
 ZNY CCCCC ZZH
 P 052036Z APR 82
 FM SECSTATE WASHDC
 TO AMEMBASSY MADRID PRIORITY 5613
 BT
 C O N F I D E N T I A L STATE 090180

FOR COMMERCIAL COUNSELOR BLIGH

E.O. 12065: GDS 4/3/88 (MONTGOMERY, DIANA M.)
 TAGS: EINV, SP, EFIN
 SUBJECT: CONGRESSIONAL CONCERN OVER POTENTIAL
 INSURANCE RESTRICTION

1. SUMMARY. SENATOR EDWARD ZORINSKY (D-NEBRASKA) HAS BEEN INFORMED BY A MAJOR NEBRASKA-BASED U.S. INSURANCE FIRM THAT IT AND OTHER U.S. FIRMS WILL NO LONGER BE PERMITTED TO SELL DOLLAR-DENOMINATED POLICIES TO U.S. SERVICEMEN STATIONED IN SPAIN. ACTION: EMBASSY ANALYSIS AND RECOMMENDATION NEEDED ASAP. END SUMMARY.

2. BACKGROUND: MR. GRAYSON FOWLER OF SENATOR EDWARD ZORINSKY'S OFFICE HAS CONTACTED DEPARTMENT FOR ASSISTANCE IN RESOLVING AN ISSUE WHICH AFFECTS A MAJOR U.S. INSURANCE FIRM BASED IN MR. ZORINSKY'S HOME STATE (FYI: MUTUAL OF OMAHA). ACCORDING TO MR. FOWLER, THE U.S. FIRM REPORTS THAT UNDER A LONG-STANDING VERBAL AGREEMENT BETWEEN THE USG AND GOS, U.S. INSURANCE COMPANIES NOT NORMALLY LICENSED TO DO BUSINESS IN SPAIN HAVE BEEN PERMITTED TO SELL INSURANCE POLICIES TO U.S. SERVICEMEN STATIONED IN SPAIN, PROVIDED THAT (1) SALES ARE MADE IN U.S. DOLLARS AND (2) NO SALES ARE MADE TO SPANISH CITIZENS. THIS QUOTE VERBAL AGREEMENT UNQUOTE WAS TERMINATED IN LATE FEBRUARY. THE NEBRASKAN FIRM BELIEVES

THAT THE GOS ACTION MAY BE LINKED TO THE ACTIVITIES OF THE REPRESENTATIVE OF ONE NON-LICENSED U.S. FIRM, WHO REPORTEDLY REGULARLY MADE SALES IN PESETAS TO SPANISH CITIZENS.

3. THE NEBRASKAN FIRM POINTS TO THE BENEFITS OF THE SERVICE PROVIDED TO U.S. MILITARY PERSONNEL UNDER THE PREVIOUS ARRANGEMENT AND ARGUES THAT THE GOS ACTION WAS REALLY A SHOTGUN APPROACH TAKEN TO GET RID OF A FEW BLACK SHEEP OPERATORS AT THE EXPENSE OF THE LEGITIMATE MAJORITY. THE FIRM SEEKS NEGOTIATIONS WHICH WOULD END ANY ALLEGED ABUSES OF THE FORMER SYSTEM WHILE PERMITTING U.S. FIRMS TO CONTINUE TO SELL DOLLAR POLICIES TO U.S. MILITARY PERSONNEL. SENATOR ZORINSKY'S OFFICE PLACES A HIGH PRIORITY ON FINDING A SATISFACTORY SOLUTION TO THIS PROBLEM.

4. ACTION REQUESTED: DEPARTMENT RECOGNIZES OVERRIDING IMPORTANCE OF BROADER NEGOTIATIONS NOW UNDERWAY WITH GOS ON RENEWAL OF BASES. HOWEVER, GIVEN BENEFITS THAT

~~CONFIDENTIAL~~

CONFIDENTIAL

82 8348401 SCP

PAGE 002
TOR: 052121Z APR 82 .

NC 8348401

AVAILABILITY OF HOMETOWN SERVICE PROVIDED TO U.S.
MILITARY AND CONCERN OVER TERMINATION, DOES EMBASSY
BELIEVE THAT VERBAL AGREEMENT COULD BE REINSTATED,
PERHAPS WITH CLOSER POLICING OF UNAUTHORIZED ACTIVITIES
OF UNLICENSED INSURANCE SUPPLIERS, THROUGH LOW-KEY
APPROACH TO GOS? HAIG
END OF MESSAGE

CONFIDENTIAL

CONFIDENTIAL